



21ST CENTURY PROJECT

PROJECT CHARTER

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1 Background

1.1 Project History

The State Controller's Office (SCO) formally initiated the 21st Century Project (TFC Project) in July 1999. There were two principal catalysts that prompted the initiation of the Project: the independent performance audit of the SCO and the Conceptual Vision Document. The Project endeavors to improve the State's human resources/payroll business process to move away from its reliance on aging technologies and provide an adaptable system fully capable of taking advantage of existing technologies and best practices. The Project will provide a proven, commercial-off-the-shelf (COTS) software package for a Human Resources Management System (HRMS)/Payroll System to replace the existing legacy systems. In 2001, the procurement had been completed for a software package and system integrator. However, due to State funding issues the procurement was cancelled prior to signing the contract.

In May 2004, the Department of Finance approved the Feasibility Study Report for the TFC Project. The Feasibility Study Report established that the existing HRMS/Payroll System operated by the State Controller's Office was outdated and did not meet the needs of today's government. Based on this approval, the SCO initiated a two-phased procurement process. The purpose of the first procurement was to select a COTS software product to support the state's human resource management needs.

In April 2005, the software procurement was finalized and SAP was selected as the COTS software for the State's new HRMS/Payroll System, MyCalPAYS.

The second phase of the procurement process began in May 2005 with the release of a Request for Proposal for system integrator services. The objective of the procurement was to secure the services of an experienced integrator to implement the SAP solution. In June 2006, a contract was awarded to BearingPoint to provide system integration services for the TFC Project. As the prime contractor, BearingPoint had overall responsibility for implementing the solution.

In January 2009, the State terminated the contract with BearingPoint for failure to meet contractual commitments. The SCO, working in conjunction with its stakeholders, developed a 'go-forward' strategy to complete the implementation of MyCalPAYS.

Special Project Report (SPR) authorized SCO to re-initiate the Project. In the current effort, a two stage procurement is being conducted to secure system integration services. The first stage selected two vendors, SAP and Accenture, to participate in developing solutions for several critical design issues, to assess the project's status and to submit proposals to complete the MyCalPAYS development and implementation. The Stage II procurement is to contract with one of the Stage I contractors to provide the actual system integration services to complete MyCalPAYS.

1.2 Problem/Opportunity Statement

California's current employment history (HR) and payroll systems depend on 30-year-old technology and lack needed functionality or the necessary flexibility to satisfy today's HR/Payroll demands. The current systems were designed to meet limited objectives at a time when the State had 40 percent fewer employees and was not engaged in collective bargaining. Due to their age and the number of changes that have been made over the years, many of the applications are difficult to operate and maintain. The systems were developed as business needs were presented and without the benefit of an overall architecture for the SCO information technology. As a result, the applications are "stovepipe" systems that only address a single organizational need. Although these systems are meeting their original objective of maintaining employment records and ensuring that employees are paid on time, they present significant problems. These problems include:

- Limited capability to respond to the varied needs of human resources managers in an era of collective bargaining and innovative job practices.
- A majority of personnel transactions/tasks are labor-intensive and paper-based, resulting in business practices that are inefficient and costly.
- The inability to retain skilled personnel due to attrition/retirements to maintain existing systems and the inability to attract the interest of the contractor community to support outdated technologies.
- Limited access to management information restricting support to line departments and control agencies.
- Payroll processing that is inflexible and limited in existing functionalities.
- Difficult and time-consuming maintenance of the current SCO systems.
- Aging legacy systems that are at risk of failure.

Although it is not possible to accurately predict the potential for failure of these legacy systems, it can be reasonably assumed that it will ultimately occur. If that failure is allowed to occur through inaction on the part of State government, the consequences of failure to pay State employees from a legal as well as a political perspective will be significant. The statewide impact of a major failure in a system that processes more than \$1 billion in payroll each month would be extremely severe and costly to State operations, as well as to California business interests, banks, lending institutions, unions, legislative processes, vendors, and workers. Each of these stakeholders would be put at risk by the inability of the existing system to provide paychecks, calculate benefits, extract management information, and ensure fiscal accountability for a large portion of State budget expenditures.

1.3 Sponsor

Jim Lombard, Chief Administrative Officer, State Controller's Office, is the Project Sponsor and responsible for project guidance and direction.

2 Guiding Principles and Objectives

This section provides guidance to assist in consistent and timely decision making across the governance bodies and project teams. It also provides a continuity of Project priorities as personnel change over the life of the TFC Project.

1. Adopt best practices and standardization to maximize the long-term benefits and efficiencies of the SAP software.

This principle seeks to maximize the benefits of the COTS software. By standardizing along proven best practices, the State will be able to implement a mainstream HR application and implement current features and future enhancements as SAP makes them available through scheduled product releases.

- Promote MyCalPAYS as the official system of record for statewide civil service human resource/payroll system information
- Establish State standard definitions for HR data elements that are shared between departments
- Standardize payroll processes to support efficient use of a single statewide HRMS/Payroll system
- Deploy SAP functionality to allow authorized users, including HR staff, line managers and individual employees, to access and update appropriate information
- Use SAP's enhanced automation capabilities to streamline department HR functions
- Leverage system features to help enforce statewide application of laws and rules governing HR/Payroll practices
- Employ modern technology to provide a strong infrastructure for many years to come

2. While recognizing that its implementation will be different, provide no less functionality/automation than exists today.

The focus of this principle is to, at a minimum; provide the functionality that exists today. However, in many instances functionality will be delivered differently. Business processes will be updated to create a more efficient and modern environment.

- Continue to ensure efficient and effective payroll administration, including timekeeping, benefits and position management
- Accurately calculate and issue timely payrolls
- Provide the flexibility to manage HR information centrally or de-centrally
- Interface efficiently with other systems
- Leverage "out of the box" HRMS/Payroll functionality to more fully integrate business processes

3. Implement MyCalPAYS with as few customizations to the COTS functionality as possible, while ensuring business needs are met.

This principle seeks to balance requested enhancements or customizations, which meet business requirements, against delivering a solution that is mainstream and reasonably supportable. This will not only control resources during implementation, but will provide a flexible platform for efficient management of the State's payroll processing needs well into the future.

- Ensure appropriate representation of decision makers within the TFC Project's governance structure
- Enable a strict adherence to project disciplines, including change control, through dedicated leadership, education and awareness throughout all TFC Project teams
- Promote legislation that supports standardization and reduces customization
- Propose policy/labor changes that support standardization

4. Ensure preparedness of stakeholders and manage perceptions and expectations of MyCalPAYS.

This principle describes the need to set expectations with stakeholders that the new HRMS/Payroll system will be different, but brings many benefits. By providing regular messaging at various levels in agency/department organizations, stakeholders will become aware of the benefits available to them with the use of this new technology.

- Provide effective two-way communication with stakeholders
- Maximize opportunities for stakeholder involvement
- Deliver high-quality user training and support
- Demonstrate the convenience and accessibility of pertinent HRMS/Payroll information

5. Foster a stable work environment and a system platform that allows for succession planning and workforce transition.

One of the important components of implementing and supporting a successful HRMS/Payroll solution is the stability of its end user population. The TFC Project strives to take the standardized system and provide an end user experience that is consistent across State civil service. This will ease workforce transition and succession planning for human resource professionals, whether individuals are transferring between departments or entering into civil service.

- Maximize knowledge transfer and training opportunities to assist SCO with the transition to system support and maintenance activities

- Provide for early preparedness of system roles and for recognition of key competencies required to ensure successful workforce transition and stability in each department
- Provide accurate and complete documentation of the system, roles, maintenance and operations processes and training

6. Control project scope and complexity to deliver a quality system on time and within budget.

The focus of this principle is to control the project scope in order to deliver a system which contains the committed scope and quality within the schedule and budget provided.

- Maximize opportunities to standardize business solutions rather than customize the system
- Ensure continued accuracy of HR information through rigorous application of quality assurance techniques
- Utilize best practices in project management to avoid “scope creep” and keep the TFC Project on track

3 Solution

The TFC Project will replace existing statewide HRMS/Payroll systems (for the civil service employee population) with a fully integrated COTS Enterprise Resource Planning (ERP) software solution. Functionality will include Personnel Administration, Organizational Management, Time Management, Benefits Administration, Payroll, Finance/Controls, Reporting, and Employee/Manager Self Service.

MyCalPAYS will enable the State to improve management processes and fulfill payroll and reporting obligations accurately and on time. Further, MyCalPAYS will transition the State from a transaction-based system to an enterprise database system that supports the information demands of state government.

4 Scope Statement

4.1 Current Scope

The TFC Project scope, as defined in the FSR and SPR, requires the replacement of the State's existing HR and payroll systems, for the civil service employee population, including Employment History, Payroll, Leave Accounting, Position Management, Benefits, and Timekeeping functionality. Also within the scope of the project are the core functions of security, electronic workflow, employee self-service (ESS), management self-service (MSS) and management information (reporting).

Table 1: Core Functions

CORE FUNCTIONS	
▪ Employment History	▪ Payroll
▪ Leave Accounting	▪ Position Management
▪ Benefits	▪ Management Information (Reporting)
▪ Timekeeping	▪ Security
▪ Electronic Workflow	▪ Employee/Management Self Service

4.2 Future Opportunities

The configuration, customization and implementation for California State University (CSU) employees will be addressed as a separate project. The deferral of the CSU employee population will require that the legacy systems remain operational until the second project is completed.

The Employee Self Service and Manager Self Service functions will be configured and tested for the entire project population but deployed only to a limited population during this project.

These decisions to reduce the original project scope were to lessen the complexity, thus reducing risk, cost and schedule.

4.3 Outside of Scope

SAP's Human Capital suite provides additional functionality that is out of scope for the current project. These modules include: Personnel Development, Compensation Management, Career and Succession Planning, Personnel Cost Planning, Recruitment (e-Recruit), Training and Events and Position Budget Control. Due to the challenges posed with replacement of the existing legacy HRMS/Payroll systems, it was determined implementation of any of these systems would be deferred and implemented in the scope of a future project.

4.4 Summary Milestones

TFC Project milestones will be updated after the selection of the new Systems Integrator.

5 Impact Assessment

Numerous organizations interact with the systems operated by SCO. The business programs of each of these organizations, to the extent they involve employment history and payroll processing, will be affected. The primary entities affecting or affected by the system include the SCO, Department of Personnel Administration (DPA), State Personnel Board (SPB), Department of Finance (DOF), and the Judicial Council of California, as well as all Civil Service employing departments.

The Impact Assessment below identifies any systems, processes, or projects that will impact, or be impacted by, the proposed project.

Table 2: Impact Assessment

SYSTEM, PROCESS, PROJECT	NATURE OF IMPACT	OWNER	ACTION REQUIRED
Departmental Systems	Media compatibility	TFC Project	Departments may have to update local systems to accommodate changes to the format and content of the SCO Personnel and Payroll system interface files.
Data Conversion from Legacy systems to SAP	Data Quality	TFC Project & PPSPD	Identify data characteristics necessary for successful SAP conversion/loading and for successful payroll execution. Focus data cleansing efforts on only the identified elements.
Large Number of System Interfaces (FI\$Cal, CalPERS PSR, CDCR BIS, SCO Legacy HR / Payroll, Departmental Time Systems, Third Party Deduction Administrators)	Data Quality	Various	Early in the blueprint validation, each of the in-bound and out-bound interfaces must be identified to ensure coordination is planned into the project effort (design, development, testing, deployment, support)
State Accounting system (CalStars and/or FI\$Cal)	Data Quality Data Format	TFC Project	Work with both CalStars and FI\$Cal staff to ensure the financial information moves appropriately between the systems.
Legacy HR/Payroll system	Data Volume	PPSPD / ISD	As the MyCalPAYS system is deployed, the volume of legacy-based transactions will diminish. Some legacy-based operations will need to be tuned and/or retired.
PPSPD Departmental Support Calls	Call Volume	PPSPD / TFC	During the implementation period, both PPSPD and TFC will need to collaborate to handle the increased number and complexity of support calls.

SYSTEM, PROCESS, PROJECT	NATURE OF IMPACT	OWNER	ACTION REQUIRED
End-User Provisioning	Security	SCO ISO / TFC	During the implementation period, ISO and TFC will need to collaborate to handle the increased complexity of user provisioning and to adequately protect the information assets of the State. As Departments are migrated, both groups must ensure appropriate access is granted to the SAP system and that access to the Legacy system is removed timely.
End-user Access (ESS)	Frequency	TFC	When ESS is deployed, we expect a spike of end-user access that may stress the capacity of the newly implemented system. Sufficient protections will need to be in place to ensure users are not dissatisfied with their initial impressions of the system.
PPSD Pay Cycles	Timeliness	TFC / PPSD	The new system will likely not match the frequency of pay cycles currently run in the legacy environment. PPSD and TFC will need to prepare the stakeholders for this change.
System Operations	Infrastructure	DTS / ISD / TFC	During the project, utilization of new infrastructure will "ramp-up" in support of the development, testing, and deployment of the MyCalPAYS solution. Capabilities and capacities of the organizations infrastructure and staffing will need to be prepared for the changes.
CalPERS PSR, CDCR BIS	Cross-project complexities	Various	Early in the blueprint validation, the timing of PSR and BIS deployments must be planned into the project effort (design, development, testing, deployment, support)

6 Deadline

The TFC Project delivery date is not driven by a legislative mandate. However, as outlined earlier in paragraph 1.2 "Problem/Opportunity Statement", there is urgency to transition from the aging legacy system as soon as possible. Factors necessitating this include: aging technology, retirement of experienced legacy resources and a need to migrate to best practice.

7 Size Estimate

The TFC Project will migrate all of the State's 240,000 existing Civil Service workforce from the existing system to MyCalPAYS. This large scale migration will occur in a series of deployments spanning more than a calendar year.

8 Complexity Assessment

A set of Business and Technical attributes was rated for complexity, with a value from "0" to "4" where "0" indicates the lowest complexity rating and "4" indicates the highest complexity rating. Individual attributes with high complexity ratings will be identified as areas requiring careful attention and may require having risk assessments performed on them.

Table 3: Business Complexity

Low Complexity	Business Attribute		High Complexity	Rating
0	1	2	3	4
Static	Business rules		Changing	2
Static	Current Business Systems		Changing	2
Known and Followed	Decision Making Process		Not Known	2
Low	Financial Risk to State		High	3
Local	Geography		State Wide	3
Clear and Stable	High Level Requirements		Vague	1.5
Few & Routine	Interaction with Other Departments and Entities		Many and New	3
None	Impact to Business Process		High	3
Few & Straight Forward	Issues		Multiple & Contentious	2.5
High	Level of Authority		Low	2.5
Clear	Objectives		Vague	1.5
Established	Policies		Non-existent	1.5
Minimal	Politics		High	3
Familiar	Target Users		Unfamiliar	2.5
Experienced	Project Manager's Experience		Inexperienced	1
Experienced	Team		Inexperienced	2.5
Loose	Time Scale		Tight	2.5
Low	Visibility		High	3.5
			Total:	42.5
			Complexity:	2.4

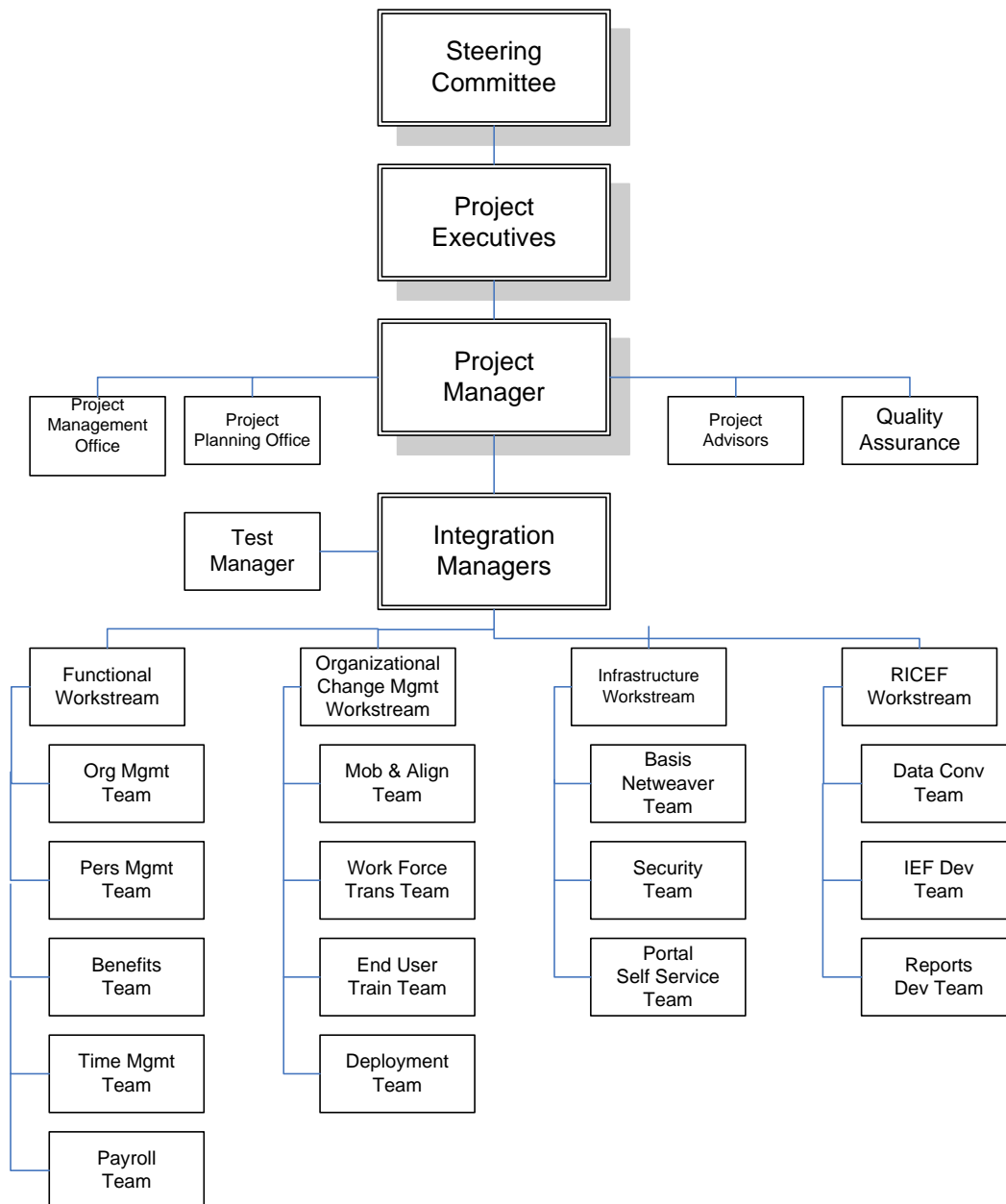
Table 4: Technical Complexity

Low Complexity	Technical Attribute		High Complexity	Rating	
0	1	2	3		4
Local	Communications		State wide		3.5
Established	Delivery Mechanism		New		3
Local	Geography		State wide		3
Proven	Hardware		New		2
Stand-alone	Level Of Integration		Tightly Integrated		2
Proven/Stable	Networks (L/W)		New		3
In place	New Technology Architecture		Not in place		3
9-5, Mon-Fri	Operations		24-hour, 7-day		3
Expert	PM Technical Experience		Novice		2.5
Established and in use	Scope Management Process		None		1.5
Light	Security		Tight		3
Proven	Software		New		1
Established and In Use	Standards And Methods		None		2
Experienced	Team		Inexperienced		3
High	Tolerance To Fault		Low		3.5
Low	Transaction Volume		High		3
				Total:	42
				Compl exity:	2.6

9 High Level Project Organization

The TFC Project is organized by Workstream. The diagram below gives an overview of the project's organizational structure in existence prior to integrating the new systems integrator:

Figure 1: TFC Project Organization Chart



10 Project Priorities

The TFC Project priorities have been revisited due to restarting the Project. Decisions are guided by these priorities.

Table 5: Project Priorities

QUALITY	SCOPE	SCHEDULE	RESOURCES
1	2	3	4

- 1 = *Most important/Constrained factor* - the factor cannot be changed
- 2 = *Next most important Factor* - the factor is somewhat flexible to the project circumstance
- 3 - The factor can be adjusted
- 4 - Most flexible of the four factors

11 Project Characteristics

11.1 Assumptions

Project Assumptions include:

- Procuring best value contractors
- Complying with Office of the State Chief Information Officer (OCIO) requirements for IT Projects, and adherence to the IT Project Management Methodology to ensure that the Project is completed on time and within budget
- Obtaining active support from the TFC Steering Committee that is in compliance with State directives in managing information technology projects
- Employing a funding strategy that uses federal, general, special and reimbursement funds
- Stakeholders will play a role in the successful implementation of MyCalPAYS. Promoting and developing business processes to allow for the proactive delivery of Project objectives
- Control Agencies and stakeholders will adopt and enforce improvements to the business processes that are necessary to achieve efficiency and supportability improvements

11.2 Constraints

Project Constraints include:

- A State fiscal crisis and general fund economic condition may limit funds available for the project and make budget increases difficult to obtain
- A lack of ERP experience within the State's ranks may limit hiring staff with the expertise required to successfully implement a Project of this complexity
- As SCO's business partner, OTech, provides all data center services necessary for statewide HRMS/Payroll operations

- The SCO, as the primary human resource system administrator, is not the only policy maker for human resources
- A deployment process that requires operation of new and existing systems concurrently that will impact available resources
- Bargaining Unit Contracts define some requirements and may require renegotiation

11.3 Known Risks

Table 6: Known Risks

#	RISKS	RISK MANAGEMENT APPROACH
1	If the project is unable to secure contract approval from the Joint Legislative Budget Committee, the project will not be able to enter into a contract with a system integrator.	Once proposals are assessed, develop SPR#4 and Section 11 documentation to request approval for the required project funding.
2	If the Project loses key staff or cannot fill positions that vacate, then schedule may increase and quality may decrease.	Develop Staff Management Plan that identifies key staff positions, what skills are needed and when they are needed, update position descriptions for critical positions and formally identify & mentor backup staff and develop training curriculum.
3	If the Project does not plan for the post-go-live state early in the project and actively promote it within SCO, then: - Decisions made during the project may result in operational and user support problems during the maintenance and operations (M&O) phase, - Needed SCO resources may not be made available.	The project will develop a phased M&O staffing model prior to submission of SPR#4.
4	If requirements were missed or new requirements come up during the Project after the system integrator contract is awarded, then cost and schedule may increase due to change requests.	Establish an appropriately sized change bucket in the budget/contract and implement an active change control process.
5	If the SCO legacy systems resources cannot provide accurate and timely conversion data, testing and cut-over may be delayed.	Perform weekly schedule review Escalate schedule delays to TFC Project Manager for follow-up Provide training to TFC staff on legacy systems Hire contract programmers to learn legacy system
6	If the Project cannot secure labor and policy agreement for some changes then additional customization will be required.	Involve DPA and the unions in project activities to identify and address needed changes.

11.4 Runaway Triggers

The following trigger thresholds, set by the TFC Steering Committee (SC), will require action by the SC prior to continuing further work on the project:

- If the Project forecasts that the total budget will be increased by more than 10 percent
- If the Project forecast that key milestones will fall behind schedule by more than 10 percent
- If the scope growth exceeds the planned scope reserve
- If the number of change requests increases at an unmanageable rate

11.5 Shutdown Conditions

Conditions that would shut down the project are:

- Loss of funding
- Non-performance by the system integrator

12 Organizational Stakeholders

The TFC Project has done extensive work to identify and categorize stakeholders. The list of key stakeholders and their relationship to the project is displayed on the project website at http://www.sco.ca.gov/21century_mycalpays_stakeholders.html. It includes external stakeholders groups, such as system users, business partners, control agencies, state program administrators, collective bargaining unit representation, deduction companies, and tax entities, as well as the internal team that will complete the TFC Project.

The table below identifies the major organizational stakeholders.

Table 7: TFC Organizational Stakeholders

STAKEHOLDER	JOB FUNCTION
State Controller's Office (SCO)	<p>The SCO is responsible for maintaining the official employment history records and issuing pay to employees of the state civil service, California State University and Judicial Council. There are currently over 150 departments and 24 California State University campuses in the State of California. The state workforce is comprised of approximately 294,000 employees, represented by 21 state civil service bargaining units.</p> <p>The SCO is responsible for all aspects of TFC Project implementation.</p>
Department of Personnel Administration (DPA)	<p>DPA is the salary setting and rule making authority and the Governor's representative for labor relations for the majority of civil service employees. They establish the rules, and policies that govern the non-merit human resources aspects of the California Civil Service System for civil service and exempt employees.</p>

STAKEHOLDER	JOB FUNCTION
State Personnel Board (SPB)	SPB is responsible for California's Civil Service Merit System. Within the framework of the merit system established by the State Constitution, the SPB oversees all merit aspects of the employment practices, and receives and resolves personnel action appeals on medical issues, examination and discrimination complaints, and adverse actions.
Department of Finance (DOF)	DOF assists and advises the Governor in the formulation of policies and programs. The principal functions of DOF are to: prepare, present, and support the annual financial plan of the State; serve as the Governor's chief fiscal policy advisor; assure responsible and responsive State resource allocation within available resources; operate the CALSTARS program (state accounting system); establish policies for the establishment and approval of positions; and establish integrity in State fiscal and program performance databases and systems.
Office of the Chief Information Officer (OCIO)	Advises the Governor on the strategic management and direction of the state's information technology and is responsible for the approval and oversight of information technology projects.
Office of Technology Services (OTech)	OTech reports to the OCIO and provides technology resources for State agencies and provides the statewide California State Government Network (CSGnet); a multi-protocol routed TCP/IP network. OTech supports the State's technology infrastructure and provides computing and connectivity services.
Judicial Council	The Judicial Council develops policies and rules to support the administrative office staff of the Court System. In addition, the Judicial Council administers its own classification plans and terms of employment, and provides program administration.
California Public Employees' Retirement System (CalPERS)	CalPERS provides retirement, health, and related financial programs and benefits to more than 1.6 million public employees, retirees, and their families and more than 2,500 public employers.
Collective Bargaining Unit Representation – Employee Unions	Negotiates wages and benefits.